



**Testimony**

**of**

**Roy Houseman**

**Legislative Director**

**The United Steel, Paper and Forestry, Rubber,  
Manufacturing, Energy, Allied Industrial and Service  
Workers International Union (USW)**

**for the**

**Congressional Steel Caucus**

**Hearing on**

**the State of the Steel Industry**

**June 7, 2023**

Chairman Crawford and Chairman Mrvan, thank you for the opportunity to testify at today's state of the steel industry briefing. The United Steelworkers (USW) is the largest union in the steel sector, and we work closely with the industry, including many present here today, to ensure that the domestic industry is strong, vibrant, and provides good jobs in the American economy.

Everyone at this table has spent hundreds of hours fighting to ensure that the U.S. does not become the dumping ground for global excess steel. The union and the industry have highlighted the negatives effects of unfair trade, and how globalization at any cost has left dramatic scars in steel communities.

My remarks will focus on how we can obtain a level playing field for America's steelworkers. This will require the continued engagement of members of the Steel Caucus on issues facing workers and the industry, and my remarks will focus on the section 232 tariffs and global arrangement in steel, the need to address the surge of steel imports from Mexico, why we need to update our trade laws, and finally ensuring that taxpayer dollars maximize job creation with Build America, Buy America implementation.

Regarding the global arrangement and the steel 232. USW remains committed to maintaining the 232 tariff relief and urges Congress to support a successful negotiation of a global arrangement on steel excess capacity and carbon intensity with the European Union (EU).

The continued growth of excess steel production capacity demands the continued defense of a domestic industry vital to our national security. According to the OECD, over 630 million tons of excess steel capacity exists today, with another 166 million tons of new steelmaking capacity coming online primarily in the Middle East and South East Asia.<sup>1</sup> China accounts for roughly half of the world's steel capacity output, and the country's Belt and Road Initiative includes investing in greenhouse gas intensive steelmaking in multiple countries.

This is why non-market excess steel capacity and carbon intensive steel making should be properly accounted for when entering into the U.S. and European markets. Both the U.S. and EU markets have some of the highest steel import penetration, and U.S. workers and their employers should not face dirty, non-market economy unfairly priced steel when our companies have invested time and money to reduce their emissions. The Steel Caucus should work closely with the relevant Congressional committees and the Biden Administration to ensure that the global arrangement will promote our economic and national security.

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<sup>1</sup> [Organisation for Economic Co-operation and Development](#), "Ongoing war of aggression by Russia against Ukraine risks further downturn in global steel markets and capacity challenges – Statement by Ms. Sheryl Groeneweg and Mr. Lieven Top, Vice-Chairs of the OECD Steel Committee", March 13-14, 2023.

The Steel Caucus will also need to continue engaging with the Biden Administration and your Hill colleagues on the surge of steel imports from Mexico. Total steel imports from Mexico have increased by approximately 72 percent in 2022, across many major product lines. As you outlined in a recent letter, it looks like the Mexican steel industry is using its duty-free status under the United States-Mexico-Canada Agreement (USMCA) to permit melted and poured steel products from countries like Brazil, South Korea, and Russia to enter the U.S. through Mexico. The union has been in close contact with the Biden Administration regarding this issue and dialogue is beginning with the Mexican Government, but your advocacy will help to foster a solution.

Much of what I have discussed so far highlights the need for continued strong enforcement of our trade laws. The domestic steel industry has benefited from trade law reforms in 2015 called the Leveling the Playing Field Act. However, we have seen new threats arise in trade enforcement. We need to better account for China's foreign investment regime, which will add nearly 100 million tons of steel capacity in southeast Asia alone, if all planned investments in the region go forward.<sup>2</sup>

This is where the Leveling the Playing Field Act 2.0, introduced in the House last Congress by Representatives Sewell from Alabama and Johnson from Ohio, will be important for members of the Steel Caucus to co-sponsor and urge passage of once it is reintroduced this session. Our union will have over 600 members in town next week urging Congress to move on this bill.

We hope that Congress acts quickly to move Leveling the Playing Field Act 2.0 through the legislative process, but the union will not wait to use the tools that we have. USW will continue to use trade enforcement to ensure that the U.S. will not be the dumping ground for other country's steel products. Recently, our union joined Cleveland Cliffs in supporting a trade case on tinplate steel, but despite fighting back where we can, we are still seeing layoffs for 300 workers in Weirton, West Virginia. It is important to note that the People's Republic of China currently accounts for 10 percent of U.S. tin mill steel imports.

Finally, we need to ensure that our federal taxpayer dollars are supporting American manufacturing jobs. The Infrastructure Investment and Jobs Act contained Build America, Buy America provisions to strengthen Buy America laws for all federal assistance infrastructure spending. Unfortunately, many agencies and departments have been slow to implement these provisions. The infrastructure bill itself, along with existing Buy America policies, has led to increased work and added jobs at USW represented iron foundries, like at a fire hydrant manufacturer in Albertville, Alabama where USW Local 65B represents over 450 workers. To build on this, the Congressional Steel Caucus should encourage agencies to speed up Build America,

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<sup>2</sup> [Organisation for Economic Co-operation and Development](#), "The ASEAN Steel Industry Development: Investment and Green Industry Challenges – 91<sup>st</sup> Session of the OECD Steel Committee Meeting", March 30, 2022.

Buy America implementation by moving from the use of blanket waivers to narrow, transparent waivers. That kind of progress will result in more stories like Albertville, and create new good-paying, union jobs in additional industries across the country.

The Steel Caucus has a storied history of bipartisan cooperation to defend American workers and ensure the enactment of policy that maintains a strong domestic industry. The United Steelworkers hopes you will continue that tradition by enforcing and updating our trade laws and improving domestic procurement policy.